

Reliance



EMPLOYEE BENEFIT LIABILITY COVERAGE PART DECLARATIONS

**EFFECTIVE

POLICY NUMBER	POLICY PERIOD	AGENCY NUMBER
NGB 0151564-00	FROM 1-1-99 TO 1-1-00	80904

NAMED INSURED INTEGRATED HEALTH SERVICES, INC.

THIS IS A CLAIMS-MADE COVERAGE PART - READ YOUR POLICY CAREFULLY
 THIS ENDORSEMENT PROVIDES SUPPLEMENTARY INFORMATION TO BE USED WITH THE FOLLOWING:
 EMPLOYEE BENEFIT LIABILITY COVERAGE FORM.

LIMITS OF INSURANCE

Aggregate Limit	\$ 1,000,000.
Each Employee Limit*	\$ 1,000,000.

*Subject to the Aggregate Limit

Coverage Form Applicable: GL 00 R033

Deductible Amount \$ 1,000. FOR Each Employee 1,000,000. Per claim plus all ALAE

Retroactive Date

Section 1 of this Insurance does not apply to negligent Acts, Errors or Omissions which occurred prior to the retroactive date. If any, shown below:

Retroactive Date: _____

Covered employee benefit programs other than those listed in Section VII Definitions:

Premium Computation:

Estimated No. of Employees	Estimated Premium	Minimum Premium
_____	\$ _____	\$ _____

The following form a part of this coverage part at issuance:

GL 00 R033 Employee Benefit Liability Coverage Form

QUICK REFERENCE
EMPLOYEE BENEFIT LIABILITY COVERAGE PART
READ YOUR POLICY CAREFULLY

	Beginning on Page
SECTION I - COVERAGES	1-4
Insuring Agreement	1
Exclusions	2
Supplementary Payments	3-4
SECTION II - WHO IS AN INSURED	4
SECTION III - LIMITS OF INSURANCE	4-5
SECTION IV - DEDUCTIBLE	5
SECTION V - CONDITIONS	5-7
Bankruptcy	5
Duties in the Event of An Act, Error or Omission, Claim or Suit	5
Other Insurance	6
Legal Action Against Us	6
Premium Audit	7
Arbitration	7
Separation of Insureds	7
Transfer Of Rights Of Recovery Against Others To Us	7
SECTION VI - EXTENDED REPORTING PERIOD	7-8
SECTION VII - DEFINITIONS	8-10

THIS IS CLAIMS MADE COVERAGE - PLEASE READ THE ENTIRE FORM CAREFULLY.

EMPLOYEE BENEFIT LIABILITY COVERAGE PART

This coverage form explains your coverage for Employee Benefit Liability.

No obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for:

1. under the insuring agreements applicable to these coverages; or
2. under the **SUPPLEMENTARY PAYMENTS**.

These coverages are subject to exclusions that restrict coverage. The amount we will pay is limited as described under **LIMITS OF INSURANCE**. Read the entire Coverage Part carefully to determine rights, duties and what is and is not covered.

SECTION I - COVERAGES

1. Insuring Agreement

- a. We will pay those sums that the insured becomes legally obligated to pay as damages because of acts, errors or omissions arising out of the administration of your employee benefit program.
- b. We will have the right and duty to defend any suit to which this insurance applies, seeking damages, but:
 - (1) We may investigate and settle any claim or suit at our discretion; and
 - (2) Our right and duty to defend ends when we have used up the applicable limit of insurance in the payment of judgments or settlements.
- c. This insurance applies to damages because of a negligent act, error or omission in the administration of your employee benefit program only if:
 - (1) The negligent act, error or omission out of which damages arise is committed in the coverage territory; and
 - (2) The claim for damages because of a negligent act, error or omission is first made during the policy period or any Extended Reporting Period we provide under **EXTENDED REPORTING PERIODS** (Section VI) by:
 - (a) an employee;
 - (b) a former employee; or
 - (c) The beneficiaries or legal representatives of an employee or a former employee.
- d. A claim by a person or organization will be deemed to have been made when notice of such claim is received and recorded by any insured or by us whichever comes first.
- e. All claims for damages by the same person and due to the same negligent act, error or omission will be deemed to have been made at the time the first of those claims is made against any insured.
- f. Written notice given by the insured during the policy period of an act, error or omission taking place during the policy period which may result in a claim will be considered a claim made against the insured during the policy period.

2. Exclusions.

This insurance does not apply:

- a. To loss arising out of any dishonest, fraudulent, criminal or malicious act or omission, committed by any insured.
- b. To bodily injury, property damage, personal injury or advertising injury.
- c. To loss arising out of the failure of performance of contract by any insurer.
- d. To loss arising out of an insufficiency of funds to meet any obligations under any plan included in the employee benefit program.
- e. To any claim or suit based upon:
 - (1) Failure of any investment to perform as represented by any insured; or
 - (2) Advice given to any person to participate or not to participate in any plan included in the employee benefit program.
- f. To loss arising out of your failure to comply with the mandatory provisions of any law concerning workers' compensation, unemployment insurance, social security or disability benefits.
- g. To loss for which the insured is liable because of a liability imposed on a fiduciary by the Employee Retirement Income Security Act of 1974, as now or hereafter amended.
- h. To loss or damage for which benefits have accrued under the terms of an employee benefit plan to the extent that such benefits are available from funds accrued by the insured for such benefits or from collectible insurance, notwithstanding the insured's act, error or omission in administering the plan which precluded the claimant from receiving such benefits.
 - i. If as of the effective date of this policy, the insured had knowledge or could reasonably foresee any circumstances which might result in a claim.
 - j. To fines, penalties or taxes.
 - k. To damage for acts, errors or omissions which were committed before the Retroactive Date shown in the schedule.
 - l. To loss of money, banknotes, bullion, checks, money orders, and all other negotiable and nonnegotiable instruments representing money.
 - m. To loss as a result of actual or alleged discrimination or humiliation.

3. Supplementary Payments.

We will pay, with respect to any claim or suit we defend:

- a. All expenses we incur.
- b. The cost of bonds to release attachments, but only for bond amounts within the applicable limit of insurance. We do not have to furnish these bonds.
- c. All reasonable expenses incurred by the insured at our request to assist us in the investigation or defense of the claim or suit, including actual loss of earnings up to \$100 a day because of time off from work.

CGBP 73 20 10 93
GL 00 R033 02 0395

Page 3

We will pay, with respect to any claim or suit we defend:

- a. All expenses we incur.
- b. The cost of bonds to release attachments, but only for bond amounts within the applicable limit of insurance. We do not have to furnish these bonds.
- c. All reasonable expenses incurred by the insured at our request to assist us in the investigation or defense of the claim or suit, including actual loss of earnings up to \$100 a day because of time off from work.

CGBP 73 20 10 93
GL 00 R033 02 0395

Page 3

We will pay, with respect to any claim or suit we defend:

- d. All costs taxed against the insured in the suit.
- e. Prejudgment interest awarded against the insured on the part of the judgment we pay. If we make an offer to pay the applicable limit of insurance, we will not pay any prejudgment interest based on the period of time following the offer.
- f. All interest on the full amount of any judgment that accrues after entry of the judgment and before we have paid, offered to pay, or deposited in court the part of the judgment that is within the applicable limit of insurance.

These payments will not reduce the limits of insurance.

SECTION II - WHO IS AN INSURED

1. If you are designated in the Declarations as:
 - a. An individual, you, your spouse, and your family members are insureds, but only with respect to the conduct of a business of which you are the sole owner.
 - b. A partnership or joint venture, you are an insured.
 - c. An organization other than a partnership or joint venture, you are an insured. Your directors and stockholders are also insureds, but only with respect to their liability as your directors or stockholders.
2. The following is also an insured:
 - a. Each of your partners, executive officers and employees who is authorized to administer your employee benefit program.
3. Any organization you newly acquire or form, other than a partnership or joint venture, and over which you maintain ownership or majority interest, will qualify as a Named Insured if there is no other similar insurance available to that organization. However:
 - a. Coverage under this provision is afforded only until the 90th day after you acquire, or form the organization or the end of the policy period, whichever is earlier.
 - b. Coverage under this provision does not apply to any negligent act, error or omission that was committed before you acquired or formed the organization.

No person or organization is an insured with respect to the conduct of any current or past partnership or joint venture that is not shown as a Named Insured in the Declarations.

SECTION III - LIMITS OF INSURANCE

1. The Limits of Insurance shown in the Declarations and the rules below determine the most we will pay regardless of the number of:
 - a. Insureds;
 - b. Claims made or suits brought;
 - c. Persons or organizations making claims or bringing suits.
2. The "Aggregate Limit" is the most we will pay for all damages under this coverage.

3. Subject to 2. above, the 'Each Employee Limit' is the most we will pay for all damages to any one employee including dependents and beneficiaries.

The limits of this Coverage Part apply separately to each consecutive annual period and to any remaining period of less than 12 months, starting with the beginning of the policy period shown in the Declarations, unless the policy period is extended after one or more 12 month periods for a period of less than 12 months. In that case the additional period will be deemed as part of the last preceding period for purposes of determining the Limits of Insurance.

SECTION IV - DEDUCTIBLE

1. Our obligation to pay damages on behalf of the insured applies only to the amount of damages in excess of the deductible amount stated in Item 4 of the Declarations as applicable to 'Each Employee'. The limits of Insurance applicable to 'Each Employee' will not be reduced by the amount of this deductible. The 'Aggregate Limit' shall not be reduced by the application of such deductible amount.
2. Claims resulting from the same negligent act(s), error(s) or omission(s) of one or more of the insureds are a single claim, and only one deductible applies.
3. We may pay all or part of the deductible in order to settle any claim. You will pay us promptly for any deductible amount we pay.

SECTION V - CONDITIONS

1. Bankruptcy

If you or your estate becomes bankrupt or insolvent, we will still be bound by the provisions of this Coverage Part.

2. Duties in the Event Of An Act, Error or Omission, Claim or Suit

- a. You must see to it that we are notified as soon as practicable of an act, error or omission which may result in a claim. To the extent possible, notice should include:

(1) How, when and where the act, error or omission took place; and

(2) The names and addresses of any employees who may suffer damages as a result of the act, error or omission.

- b. If a claim is received by any insured you must:

(1) Immediately record the specifics of the claim and the date received; and

(2) Notify us as soon as practicable.

You must see to it that we receive written notice of the claim as soon as practicable.

- c. You and any other involved insured must:

(1) Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the claim or a suit;

(2) Authorize us to obtain records and other information;

(3) Cooperate with us in the investigation, settlement or defense of the claim or suit; and

(4) Assist us, upon our request, in the enforcement of any right against any person or organization which may be liable to the insured because of damages to which this insurance may also apply.

- d. No insureds will, except at their own cost, voluntarily make a payment, assume any obligation, or incur any expense without our consent.

3. Other Insurance

If other valid and collectible insurance is available to the insured for a loss we cover under this Coverage Part, our obligations are limited as follows:

a. Primary Insurance

This insurance is primary except when (b) below applies. If this insurance is primary, our obligations are not affected unless any of the other insurance is also primary. Then, we will share with all that other insurance by the method described in (c) below.

b. Excess Insurance

This insurance is excess over any other insurance, whether primary, excess, contingent or on any other basis:

- (1) That is effective prior to the effective date of the insurance and that applies to damages on other than a claims-made basis, if:
 - (i) no Retroactive Date is shown in the Declarations of this insurance; or
 - (ii) the other insurance has a policy period which continues after the Retroactive Date shown in the Declarations page of this Coverage Part.

When this insurance is excess, we will have no duty to defend any claim or suit that any other insurer has a duty to defend. If no other insurer defends, we will undertake to do so, but we will be entitled to exercise the insured's rights against all those other insurers.

When this insurance is excess over other insurance, we will pay only our share of the amount of the loss, if any, that exceeds the sum of:

- (2) The total amount that all such other insurance would pay for the loss in the absence of this insurance; and
- (3) The total of all deductible and self-insured amounts under all that other insurance.

We will share the remaining loss, if any, with any other insurance that is not described in this Excess Insurance provision and was not bought specifically to apply in excess of the Limits of Insurance shown in the Declarations of this Coverage Part.

c. Method of Sharing

If all of the other insurance permits contribution by equal shares, we will follow the method also. Under this approach each insurer contributes equal amounts until it has paid its applicable limit of insurance or none of the Loss remains, whichever comes first.

If any other insurance does not permit contribution by equal shares, we will contribute by limits. Under this method, each insurer's share is based on the ratio of its applicable limit of insurance to the total applicable limits of insurance of all insurers.

4. Legal Action Against Us

You may not bring any suit or legal action against us to recover a claim unless the terms of this policy have been complied with. Nor can suit be brought against us until the amount of a claim against you has been determined or agreed upon.

5. Premium Audit

We will compute all premiums for this policy in accordance with our rules and rates. Premiums shown in this policy as "advance premium" are deposit premiums only. The premiums developed by the audit are due and payable on notice to the first Named Insured. If the total advance and audit premiums paid for the policy period are greater than the earned premium, we will return the excess amount.

The first Named Insured:

- a. is responsible for the creation and maintenance of records of the information we need for premium computation; and
- b. must send us copies of records we request.

6. Arbitration

If a claim against any insured goes to arbitration, we shall be entitled to exercise the insured's rights in the choice of arbitrators.

7. Separation of Insureds

Except with respect to the Limits of Insurance, and any rights or duties specifically assigned to the first Named Insured, this insurance applies:

- a. As if each Named Insured were the only Named Insured; and
- b. Separately to each insured against whom claim is made or suit is brought.

8. Transfer of Rights of Recovery Against Others To Us

Any person to whom or for whom we make payment must transfer to us his or her rights of recovery against any other party. This person must do everything needed to secure and preserve these rights. He or she must do nothing after the loss that would jeopardize them.

SECTION VI - EXTENDED REPORTING PERIOD

1. We will provide an automatic Extended Reporting Period as described in paragraph 3. or, if you purchase it, an Extended Reporting Period Endorsement as described in paragraph 4. only if:
 - a. This Coverage Part is cancelled or not renewed for any reason; or
 - b. We renew or replace this Coverage Part with other insurance that has a Retroactive Date later than the one shown in this Coverage Part's Declarations.
2. If we provide an Extended Reporting Period, the following is added to paragraph 1.b. of INSURING AGREEMENT - SECTION 1:
 - a. A claim first made during the Extended Reporting Period will be deemed to have been made on the last day of the policy period provided that the claim is for damages because of an act, error or omission that occurred before the end of the policy period of this policy (but not before any applicable Retroactive Date).

The Extended Reporting Period will not reinstate or increase the Limits of Insurance or extend the policy period.

3. The automatic Extended Reporting Period will be for 60 days, starting with the end of the policy period of this policy.

This automatic Extended Reporting Period applies only if no subsequent insurance you purchase applies to the claim, or would apply but for the exhaustion of its applicable limit of insurance.

This automatic Extended Reporting Period may not be cancelled.

4. If you purchase the optional Extended Reporting Period Endorsement, the Extended Reporting Period will be for one year, starting with the end of the policy period of this policy. We will issue that Endorsement if the first Named Insured shown in the Declarations:
 - a. Makes a written request for it which we receive within 60 days after the end of the policy period; and
 - b. Promptly pays the additional premium when due.

The Extended Reporting Period Endorsement will not take effect unless the additional premium is paid when due. If that premium is paid when due, the endorsement may not be cancelled.

The Extended Reporting Period Endorsement will also amend Paragraph 3, Other Insurance of CONDITIONS (Section V) so that the insurance provided will be excess over any other valid and collectible insurance available to the insured, whether primary, excess, contingent or on any other basis, whose policy period begins or continues after the Endorsement takes effect.

5. We will determine the actual premium for the Extended Reporting Period Endorsement in accordance with our rules and rates. In doing so, we may take into account the following:
 - a. The exposures insured;
 - b. Premiums, types and amounts of insurance;
 - c. Limits of Insurance available under this Coverage Part for future payment of damages; and
 - d. Other related factors.

The premium for the Extended Reporting Period Endorsement will not exceed 200% of the annual premium for the Coverage Part to which the endorsement would be attached and will be fully earned when the Endorsement takes effect.

6. If the optional Extended Reporting Endorsement is in effect, we will provide a separate aggregate limit of insurance equal to the dollar amount shown in the declarations in effect at the end of the policy period. The separate aggregate limit shall only apply to claims first received and recorded during the Optional Extended Reporting Period.

SECTION VII - DEFINITIONS

1. **Administration** -
 - a. Counseling employees, including their dependents and beneficiaries, with respect to the employee benefit program;
 - b. Handling records in connection with the employee benefit program; or
 - c. Effecting or terminating any employee's participation in a plan included in the employee benefit program.
2. **Advertising Injury** - Injury arising out of one or more of the following offenses:
 - a. oral or written publication of material that slanders or libels a person or organization or disparages a person's or organization's goods, products, or services;
 - b. oral or written publication of material that violates a person's right of privacy;
 - c. misappropriation of advertising ideas or style of doing business; or

- d. infringement of copyright, title or slogan;
arising out of advertising activities.
- 3. **Bodily injury** - Bodily injury, sickness or disease sustained by a person, including care, loss of services or death resulting from any of these at any time.
- 4. **Coverage Territory** - the United States of America (including its territories and possessions), Puerto Rico and Canada.
- 5. **Employee(s)** - your officers, partners and employees whether actively employed, disabled or retired.
- 6. **Employee benefit program** - the following plans:
 - a. Group life insurance, group accident or health insurance, profit sharing plans, IRS qualified pension plans and stock subscription plans, provided that no one other than an employee may subscribe to such insurance or plans;
 - b. Unemployment insurance, social security benefits, workers' compensation and disability benefits;
 - c. Any other similar plan designated in the Declarations or added thereto by endorsement.
- 7. **Insured** - any person or organization qualifying as such under WHO IS AN INSURED.
- 8. **Leased Worker** - a person leased to you by a labor leasing firm under an agreement between you and the labor leasing firm, to perform duties related to the conduct of your business. Leased worker does not include a temporary worker.
- 9. **Occurrence** - an accident, including continuous or repeated exposure to substantially the same general harmful conditions. Property Damage that is loss of use of tangible property that is not physically injured shall be deemed to occur at the time of the accident that caused it.
- 10. **Personal injury** - injury other than bodily injury, arising out of one or more of the following offenses:
 - a. False arrest, detention or imprisonment;
 - b. Malicious prosecution;
 - c. Wrongful eviction from, wrongful entry into, or invasion of the right of private occupancy of:
 - 1) a room;
 - 2) a dwelling; or
 - 3) a premises;
 that a person occupies by on behalf of its owner, landlord or lessor;
 - d. Oral or written publication of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services; or
 - e. Oral or written publication of material that violates a person's right of privacy.
- 11. **Profit sharing plans** - only such plans that are IRS qualified and equally available to all full time employees.

12. Property damage -

- a. Physical injury to tangible property, including all resulting loss of use of that property. All such loss of use shall be deemed to occur at the time of the physical injury that caused it; or
- b. Loss of use of tangible property that is not physically injured. All such loss of use shall be deemed to occur at the time of the occurrence that caused it.

13. Stock subscription plans - only such plans that are IRS qualified and equally available to all full time employees.

14. Suit - a civil proceeding in which damage because of an act, error or omission to which this insurance applies are alleged. suit includes:

- a. An arbitration proceeding in which such damages are claimed and to which you must submit or do submit with our consent; or
- b. Any other alternative dispute resolution proceeding in which such damages are claimed and to which you submit with our consent.

15. Temporary Worker - a person who is furnished to you to substitute for a permanent employee on leave or to meet seasonal or short-term workload conditions.

CL 395
(1-86)

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

GL 23 27 01 86

CHANGES IN PROFESSIONAL LIABILITY FORMS FOR COMMERCIAL PACKAGE POLICIES

This endorsement modifies insurance provided under the following:

HOSPITAL PROFESSIONAL LIABILITY POLICY

LAWYERS PROFESSIONAL LIABILITY POLICY

PHYSICIANS, SURGEONS AND DENTISTS PROFESSIONAL LIABILITY POLICY

A. The following substitution of terms shall apply without any change in the insurance coverage provided:

The term:

"Company" is replaced by the terms "we," "us" or "our."

"Named Insured" is replaced by the terms "you" or "your."

"Policy" is replaced by the term "Coverage Part."

"Policy territory" is replaced by the term "coverage territory."

B. If this Coverage Part is written with a Commercial General Liability "claims-made" coverage form, SECTION V—Extended Reporting Periods in that form does not apply to this Coverage Part. The Extended Reporting Period contained in the ADDITIONAL CONDITIONS of this Coverage Part applies.

C. The "suit" definition is replaced by the following:

"Suit" means a civil proceeding in which damages to which this insurance applies are alleged. "Suit" includes an arbitration proceeding alleging such damages to which you must submit or submit with our consent.

D. The following Conditions are replaced by the Common Policy Conditions:

1. Premium.
2. Inspection and Audit.
3. Changes.
4. Assignment.
5. Cancellation.